
EXPLANATORY NOTE

(This note is not part of the Order)

This Order, along with the Capital Allowances Act 2001 (c.2) (“the Act”), implements the 100% first-year allowance scheme which encourages businesses to invest in energy-saving plant and machinery. It revokes and replaces the Capital Allowances (Energy-saving Plant and Machinery) Order 2001 (S.I. 2001/2541) which has been amended annually.

Article 3 of the Order specifies for the purposes of section 45A of the Act (expenditure on energy-saving plant or machinery) plant or machinery falling within the Energy Technology Criteria List February 2018 and the Energy Technology Product List February 2018 issued by the Department for Business, Energy and Industrial Strategy on 26 February 2018 and meeting the energy-saving criteria set out in those Lists.

The Energy Technology Criteria List and the Energy Technology Product List are available on the Department for Business, Energy and Industrial Strategy’s website at <https://www.gov.uk/guidance/energy-technology-list>. Copies are available from Andrew Gilheany, Andrew.gilheany@beis.gov.uk, BEIS Energy Technology List Team, 1 Victoria St, Westminster, London SW1H 0ET.

Article 4 of the Order provides that no first-year allowance may be made in the case of plant or machinery falling within the technology class “Combined Heat and Power” set out in the Energy Technology Criteria List unless a certificate of energy efficiency is in force with respect to that plant or machinery.

Article 5 of the Order provides that where one or more components of certain plant or machinery (but not all of that plant or machinery) falls within article 3, the amount specified in respect of each such component for the purposes of section 45C of the Act (energy-saving components of plant or machinery) is the amount specified in the Energy Technology Product List in relation to that component.

Article 6 of the Order specifies “Combined Heat and Power” as a class set out in the Energy Technology Criteria List for the purposes of section 180A(2) of the Act (energy services providers).

Article 7 of the Order revokes the Capital Allowances (Energy-saving Plant and Machinery) Order 2001 and all amending instruments.

A Tax Information and Impact Note covering this instrument was published on 22 November 2017 alongside the Autumn Budget 2017 and is available on the website at <https://www.gov.uk/government/collections/tax-information-and-impact-notes-tiins>. It remains an accurate summary of the impacts that apply to this instrument.

Changes to legislation:

There are currently no known outstanding effects for the The Capital Allowances (Energy-saving Plant and Machinery) Order 2018.